

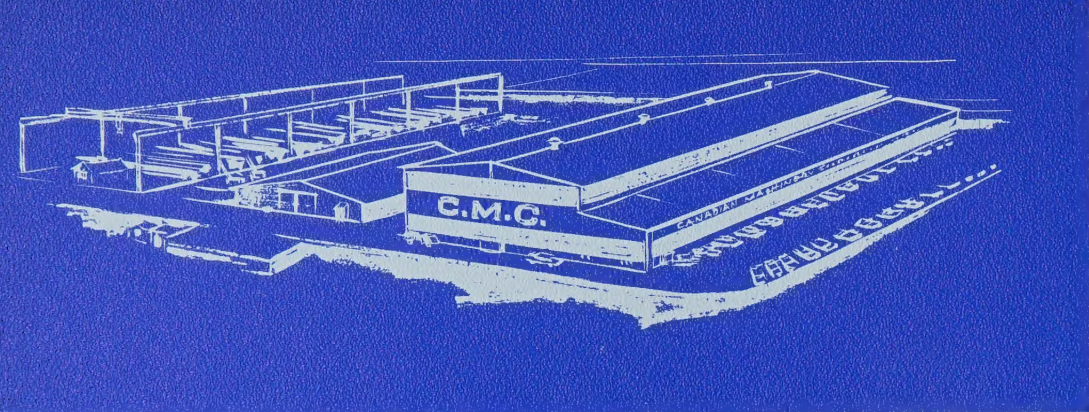
1965
ANNUAL REPORT



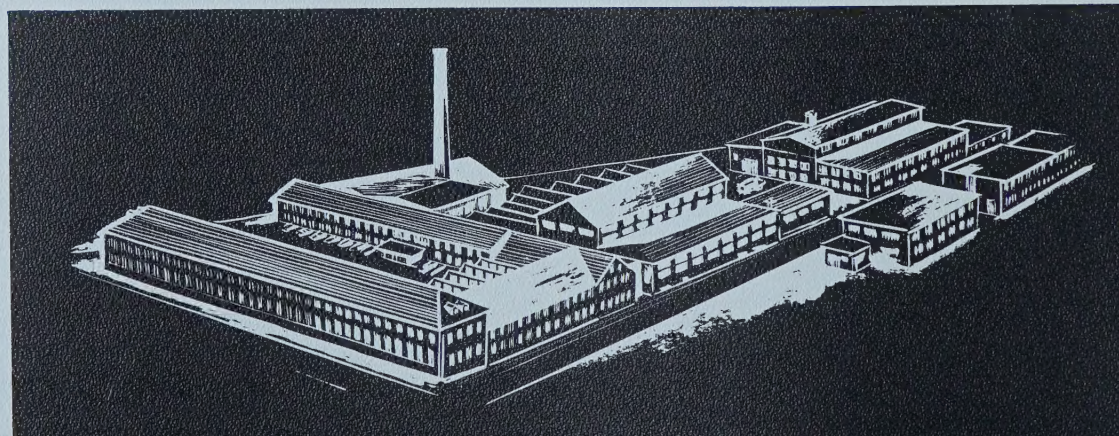
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**CANADA
MACHINERY
CORPORATION
LIMITED**

GALT, ONTARIO, CANADA



C.M.C. Kitchener Plant



C.M.C. Galt Plant

REPORT

Directors:

D. H. HOFFMAN
Frankfurt, Germany

E. L. PETER
Galt, Ontario

M. PICHE
Montreal, P. Q.

W. L. RESSEGUIER
Montreal, P. Q.

D. H. STINNES
Montreal, P. Q.

Officers:

*Chairman of the Board
and President*

D. H. STINNES

*Executive Vice-President and
General Manager*

E. L. PETER

Secretary

M. PICHE

Treasurer

J. FLAVELLE

*Assistant General Manager
and Chief Engineer*

H. W. VAHLENKAMP

519-621-4020
CORPORATION LIMITED

1, 1965.

pleasure in submitting the Annual Report of your Company, as at January 31, 1965, the statements of income and of assets ended on that date, as reported upon by your Company's

year amounted to \$201,962 as compared with a loss of \$10,000. Retained earnings account at the end of the year stood at \$1,181,961. Sinking Fund requirements for 1965, have been almost fully covered.

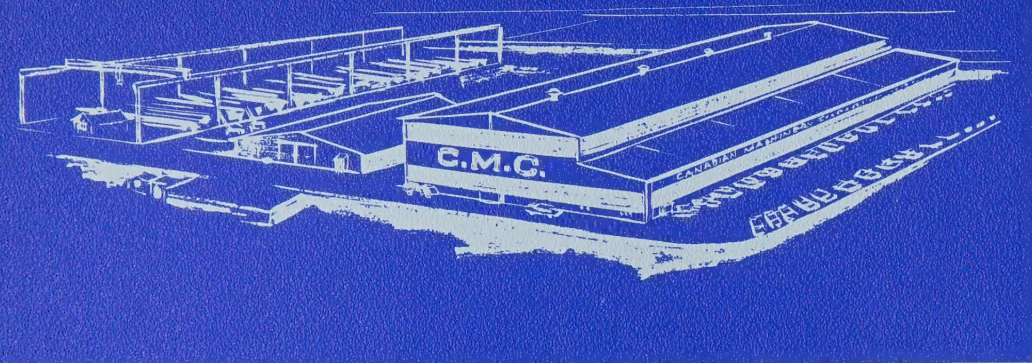
In reviewing your Company intensified its efforts to develop and expand its license agreement under which your Company will sell plastic machinery was concluded with the Adamson United States. The volume of sales billed increased considerably over the amount of orders received during the fiscal year, ended December 31, 1964. The outlook for 1965 is for continued growth both at Galt and Kitchener plants and because of the high demand for the Company's products and services, another satisfactory year. Currently our export business both in Canada and the United States constitutes a substantial proportion of the total Com-

pany's business. We have successfully negotiated the acquisition of land, buildings and equipment which was formerly leased. Additions to and replacement in both plants were made to ensure most efficient operation which management will continue to adhere to.

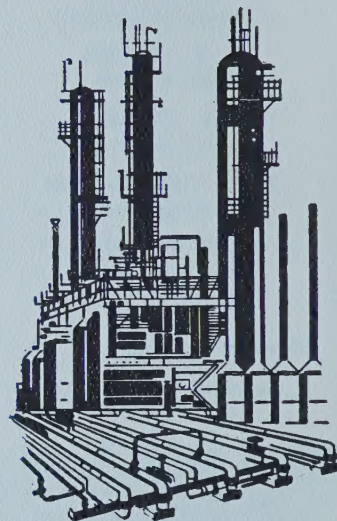
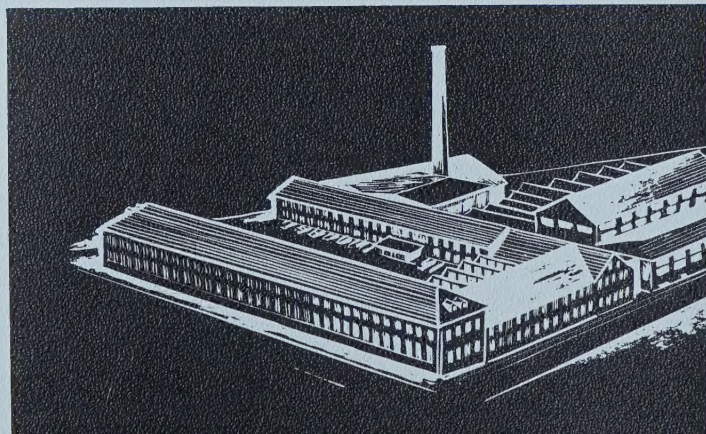
We have the opportunity to express sincere appreciation to the employees for their cooperation.

*Respectfully submitted,
On behalf of the Board,
DIETER STINNES,
Chairman of the Board and President.*

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C. M. C. Kitchener Plant



ANNUAL REPORT

of

CANADA MACHINERY CORPORATION LIMITED

for the year ended January 31, 1965.

To the Shareholders:

Your Directors have pleasure in submitting the Annual Report of your Company, comprising the balance sheet as at January 31, 1965, the statements of income and of retained earnings for the year ended on that date, as reported upon by your Company's Auditors.

The net income for the year amounted to \$201,962 as compared with a loss of \$393,005 for the previous year. Retained earnings account at the end of the year stood at \$1,931,391 and the working capital amounted to \$1,181,961. Sinking Fund requirements due on December 1, 1965, have been almost fully covered.

During the year under review your Company intensified its efforts to develop and market new product lines. A license agreement under which your Company will sell and manufacture rubber and plastic machinery was concluded with the Adamson United Company of Akron, Ohio. The volume of sales billed increased considerably over the previous year and the greater amount of orders received during the fiscal year, ended January 31, 1965, resulted in a large order back log. The outlook for 1965 is for continued capacity production at both Galt and Kitchener plants and because of the high level of industrial activity and demand for the Company's products and services, management looks forward to another satisfactory year. Currently our export business both in sales billed and orders booked constitutes a substantial proportion of the total Company's business.

Your Company successfully negotiated the acquisition of land, buildings and equipment of the Kitchener plant which was formerly leased. Additions to and replacements of production equipment in both plants were made to ensure most efficient operation, a long standing policy which management will continue to adhere to.

Your Directors take this opportunity to express sincere appreciation to the employees for their loyalty and cooperation.

Galt, May 10, 1965

*Respectfully submitted,
On behalf of the Board,
DIETER STINNES,
Chairman of the Board and President.*

519-621-4020

1965

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Canada Machinery Corporation, Limited as at January 31, 1965 and the statements of income and retained earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of income and retained earnings are properly drawn up so as to exhibit, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, a true and correct view of the state of the affairs of the company as at January 31, 1965 and the results of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the company.

As required under Section 118 of the Companies Act 1934 (Canada), we report that results of operations of the subsidiaries, only one of which is an operating company, have not been reflected in the income of Canada Machinery Corporation, Limited for the year. No provision has been made in this statement for the company's proportion of the deficit of the wholly owned subsidiary since acquisition of its shares, which amounted to \$82,456 as at December 31, 1964, a reduction of \$19,776 from the previous year.

April 13, 1965

MCDONALD, CURRIE & CO.
Chartered Accountants

CANADA MACHINERY CORPORATION, LIMITED

(Incorporated under the laws of Canada)

BALANCE SHEET AS AT JANUARY 31, 1965

ASSETS

Current Assets:

Cash		\$	276,779	
Accounts receivable	\$	636,109		
Less: Allowance for doubtful accounts.....		3,400	632,709	
Inventory of raw materials and supplies at the lower of cost or market and finished goods and goods-in-process at factory cost —				
Raw material and supplies		257,218		
Goods-in-process		600,139		
Finished goods		1,220	858,577	
Prepaid expense and accrued interest			8,205	\$ 1,776,270

Investments:

Shares of wholly owned subsidiary companies				
- at cost			87,005	
Other shares - at cost			217,199	
Note receivable			646,831	951,035

Fixed assets - at cost

Land		45,419		
Buildings, machinery, equipment, patterns, pavement, leasehold improvements and licenses		3,659,421		
		3,704,840		
Less: Accumulated depreciation		2,722,945	981,895	
				\$ 3,709,200

Approved on behalf of the Board — D. H. STINNES, Director; E. L. PETER, Director.

CANADA MACHINERY CORPORATION, LIMITED

(Incorporated under the laws of Canada)

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LIABILITIES

Current Liabilities:

Accounts payable	402,903	
Accrued expenses	130,297	
Amount owing to a wholly owned subsidiary company	3,005	
Amounts received from customers on uncompleted orders	38,104	
Current portion of mortgage payable	20,000	594,309

Long-term Liabilities:

First mortgage sinking fund bonds:		
Authorized — \$1,000,000		
Issued — \$ 700,000 Series "A" 4½% redeemable, maturing December 1, 1970 of which \$407,500 has been purchased and cancelled. Sinking fund requirements are \$45,000 annually 1965-69 inclusive	292,500	
Second mortgage sinking fund debentures:		
Authorized — \$1,000,000		
Issued — \$ 500,000 Series "A" 5% redeemable, maturing December 1, 1972 of which \$240,000 has been purchased and cancelled. Sinking fund requirements are \$25,000 annually 1965-71 inclusive	260,000	
7% first mortgage due August 31, 1976	240,000	
Less: current portion	20,000	772,500
		<u>1,366,809</u>

Shareholders' Equity:

Capital stock —		
Authorized —		
150,000 shares without nominal or par value		
Issued — 100,000 shares	411,000	
Retained earnings	1,931,391	2,342,391
		<u>\$ 3,709,200</u>

STATEMENT OF INCOME

For the year ended January 31, 1965

Operating Profit before the following items		409,737
Deduct:		
Depreciation	144,396	
Executive remuneration and solicitors' fees	81,075	
Other directors' fees	4,100	
Interest:		
On bonds	13,831	
On debentures	13,878	
On mortgage	15,750	
Pension fund contributions	37,514	310,544
		<u>99,193</u>
Income from investments		39,460
Operating Profit for the year		138,653
Non-operating Revenues:		
Gain on sale of fixed assets	61,794	
Discount on bonds and debentures purchased for cancellation	1,515	63,309
Net profit for the year		<u>\$ 201,962</u>

STATEMENT OF RETAINED EARNINGS

For the year ended January 31, 1965

Retained earnings at beginning of year	1,729,429
Add: Net profit for the year	201,962
Retained earnings at end of year	<u>\$ 1,931,391</u>

Products and Services

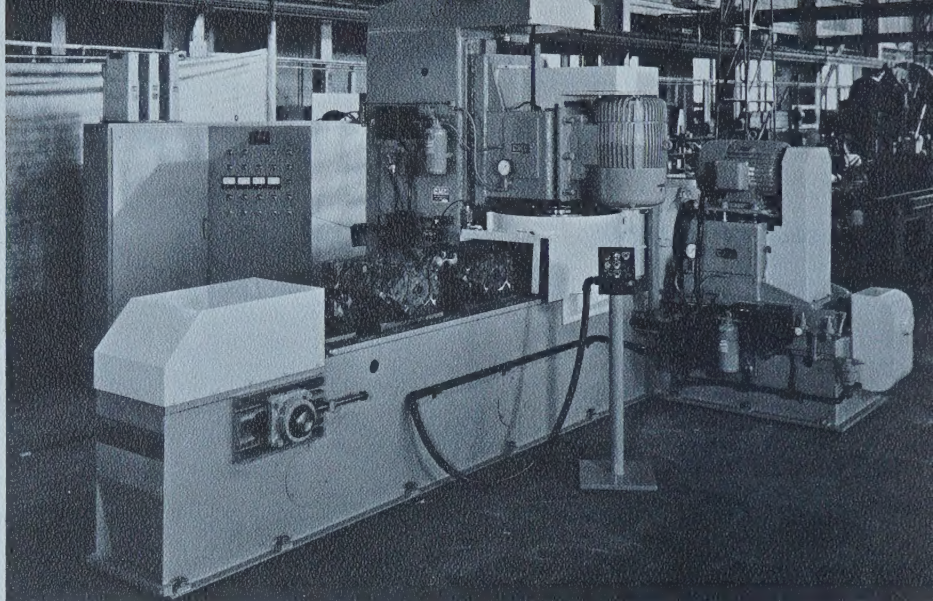
*Foundry Grinding Equipment
Special Machine Tools*

*Rubber and Plastic Machinery
Hydraulic Presses
Hardboard and Wallboard Machinery*

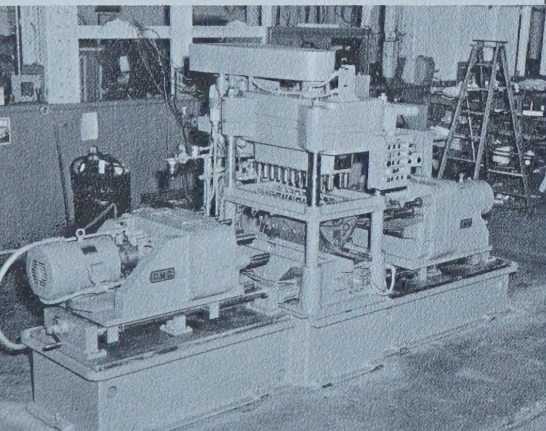
*Mill Conveying Equipment
Water Control Structures*

*Custom - Built Machinery
Custom Machining and Fabricating
Rebuilding*

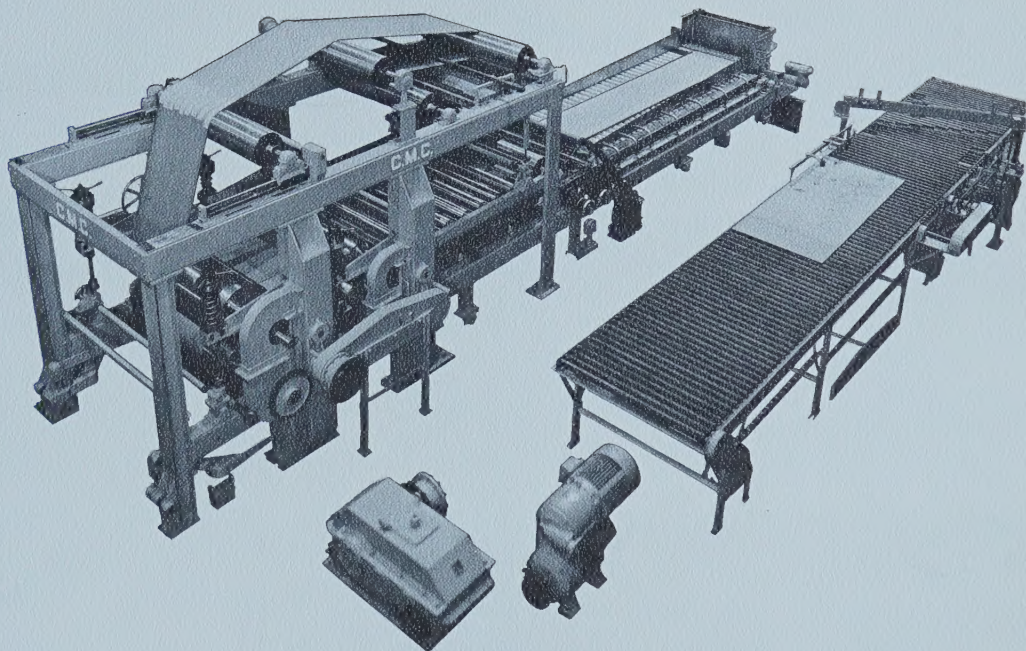
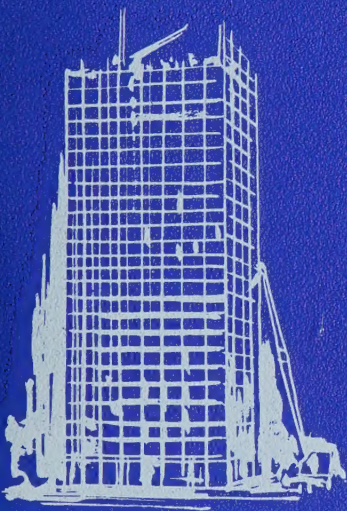
Rail Anchors



*Automatic Foundry Grinding Machine for
V-8 Cylinder Blocks - Exported to the U.S.*

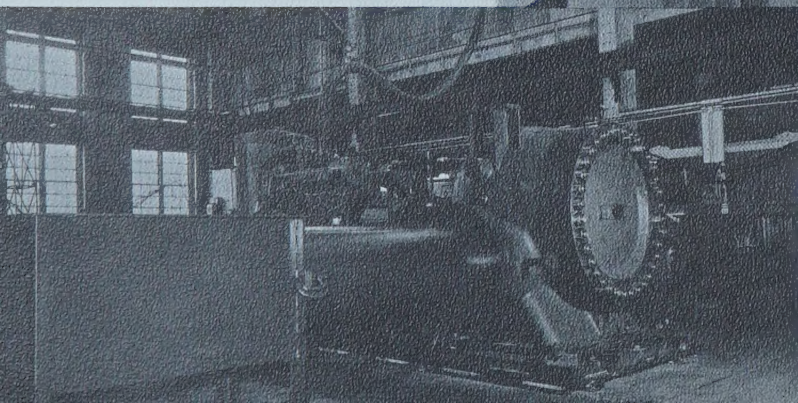
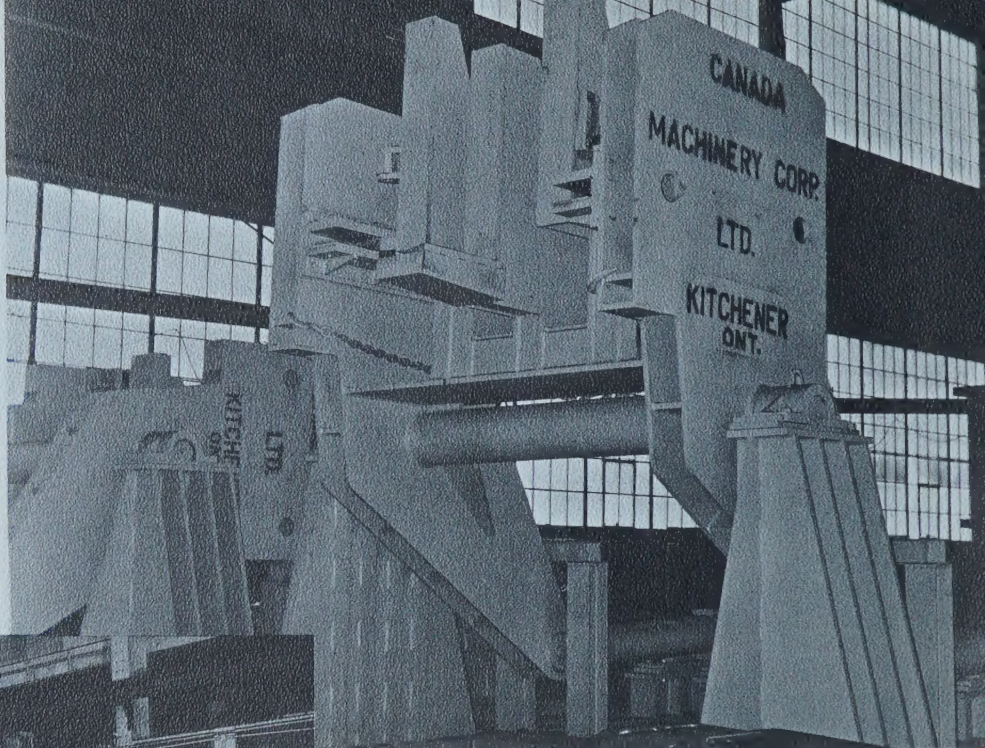


*67-Spindle Tapping Machine, designed and
built for major Canadian car manufacturer*



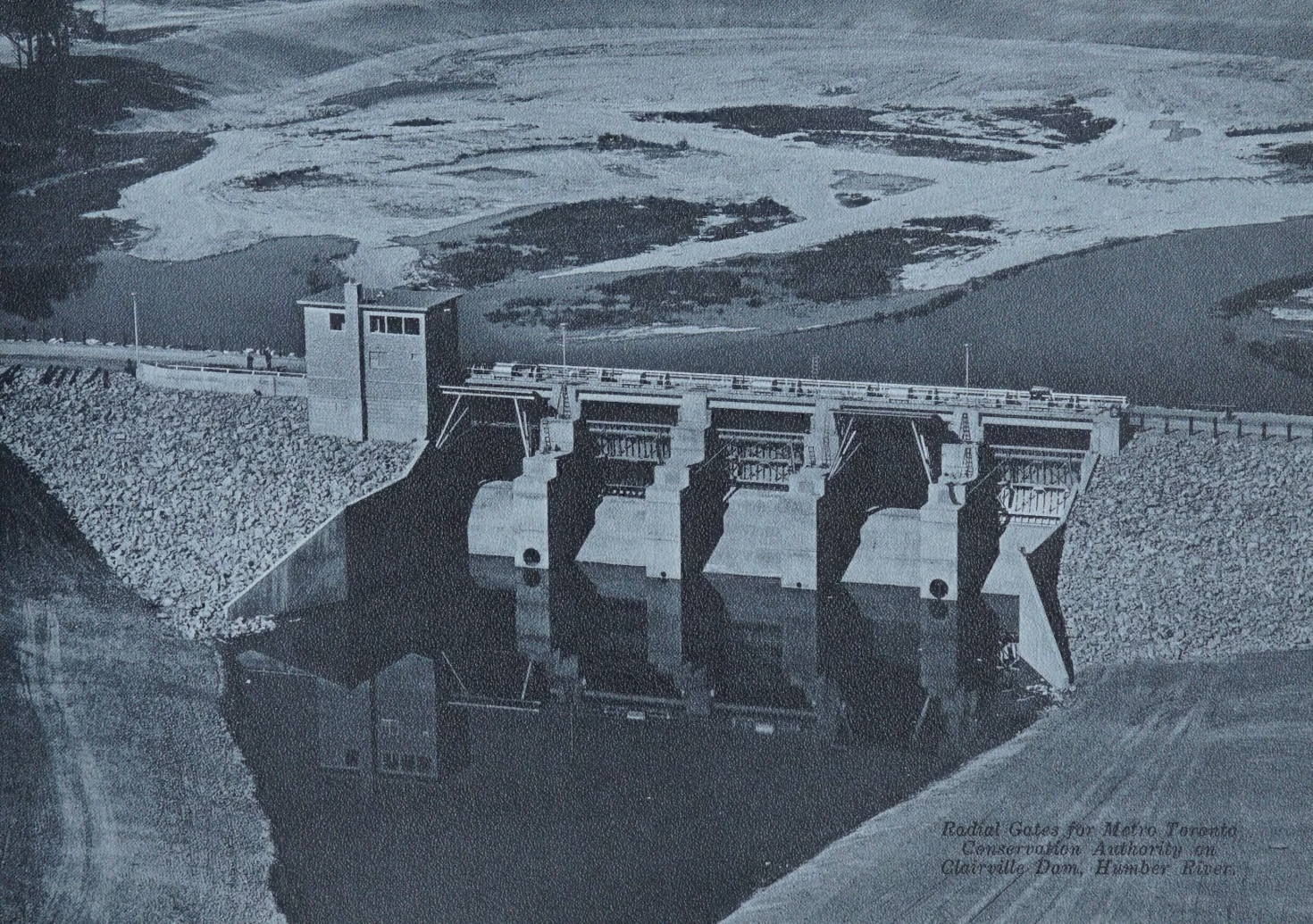
*Wallboard Machine, consisting of
Fourdrinier, Press Section and Conveyor -
exported to Pakistan.*





*Upender for Coil Conveying System - designed and
manufactured for Canadian Steel Mill.*

*High Speed Centrifugal Compressor - manufactured for
U.S. firm - on the test stand.*



*Radial Gates for Metro Toronto
Conservation Authority on
Clairville Dam, Humber River.*



A SYMBOL OF QUALITY